

109TH CONGRESS
2D SESSION

H. R. 5024

To require annual oral testimony before the Financial Services Committee of the Chairperson or a designee of the Chairperson of the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to their efforts to promote transparency in financial reporting.

IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 2006

Mr. DAVIS of Kentucky (for himself, Mr. SCOTT of Georgia, and Mr. ISRAEL) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require annual oral testimony before the Financial Services Committee of the Chairperson or a designee of the Chairperson of the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to their efforts to promote transparency in financial reporting.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Promoting Trans-
3 parency in Financial Reporting Act of 2006”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Transparent and clear financial reporting is
7 integral to the continued growth and strength of our
8 capital markets and the confidence of investors.

9 (2) The increasing detail and volume of ac-
10 counting, auditing, and reporting guidance pose a
11 major challenge to the quality and transparency of
12 financial reporting.

13 (3) The complexity of accounting and auditing
14 standards in the United States has added to the
15 costs and effort involved in financial reporting.

16 **SEC. 3. ANNUAL TESTIMONY ON REDUCING COMPLEXITY IN**
17 **FINANCIAL REPORTING.**

18 The Securities and Exchange Commission, the Fi-
19 nancial Accounting Standards Board, and the Public
20 Company Accounting Oversight Board shall annually pro-
21 vide oral testimony by their respective Chairpersons or a
22 designee of the Chairperson, beginning in 2007, and for
23 5 years thereafter, to the Committee on Financial Services
24 of the House of Representatives on their efforts to reduce
25 the complexity in financial reporting to provide more accu-

1 rate and clear financial information to investors, includ-
2 ing—

3 (1) reassessing complex and outdated account-
4 ing standards;

5 (2) improving the understandability, consist-
6 ency, and overall usability of the existing accounting
7 and auditing literature;

8 (3) developing principles-based accounting
9 standards;

10 (4) encouraging the use and acceptance of
11 interactive data; and

12 (5) promoting disclosures in “plain English”.

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